

NewSource Advisory, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of NewSource Advisory, LLC (“NSA”). If you have any questions about the contents of this brochure, please contact us at (603) 357-9311. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about NSA is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

NSA's most recent update to Part 2 of Form ADV was made in May 2010. NSA's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure reflects those changes.

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Advisory Business

NSA primarily provides investment management services to high-net-worth individuals and associated trusts, foundations, charitable and business entities. NSA generally invests client assets in privately-held companies, domestic and international stocks, bonds, mutual funds, and exchange traded funds (“ETFs”).

NSA works with each client to tailor investment strategies consistent with their goals and communicates regularly with clients regarding their investments. Clients and NSA evaluate strategies for generating income and total returns comparable to equities. Though NSA will honor reasonable restrictions clients may impose in writing on NSA’s management of their accounts. To date, NSA has not received any such request.

NSA does not hold itself out as a specialist, nor does it necessarily provide advice only with respect to limited types of investments, though it may decline to give advice in certain situations, such as when a client decides to invest on his or her own, and/or request the use of outside consultants.

NSA was founded in 2005 and is owned by Gordon Snyder.

As of December 31, 2010 NSA managed in excess of \$87 million on a discretionary basis on behalf of 6 advised clients.

Fees and Compensation

NSA charges each account an annual investment management fee based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
The first \$1,000,000	1.00%
Over \$1,000,000	0.50%

During 2009 and 2010, NSA received all of its billing income from investment supervisory services and expects to receive most of its income from such services in the future.

NSA sends quarterly invoices to be signed by the client before being paid.

Investment Advisory services begin with the effective date of the Agreement, which is the date the client signs the Agreement. Fees will generally be deducted directly from the client's brokerage account pursuant to the client’s signed instruction to a broker. Advisory fees are non-negotiable, however; NSA reserves the right to waive advisory fees for the accounts of a client’s children, foundations, and/or retirement funds, particularly when the fee is less than a few hundred dollars. Fees for clients are billed quarterly in advance at one fourth of the annual rate

based on a percentage of the client's assets under management at the beginning of the calendar quarter. No adjustment to the advisory fee will be made for contributions or withdrawals made to the account by the client.

If a client terminates the investment management agreement with NSA in the middle of a billing period NSA will invoice the client for an amount that is pro-rated based on the number of days that the account was managed. The unearned balance of the fee will be refunded to the client.

Contributions and partial withdrawals of client assets are not pro-rated and will not result in any adjustment in NSA's fee calculation for the entire quarter.

In addition to NSA's investment management fees, clients bear any brokerage and trading costs and custodial fees for their accounts or assets. To the extent that clients' accounts are invested in mutual or other funds, or managed account programs with another broker or advisor, these funds pay a separate layer of management, trading, and administrative expenses. (Please see "Brokerage Practices," below.)

NSA and its supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Performance Based Fees and Side-by-Side Management

NSA does not charge any fees based on performance, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client or engage in side-by-side management where clients are charged a performance-based fee and another fee.

Types of Clients

NSA primarily provides investment management services to high-net-worth individuals and associated trusts, foundations, charitable and business entities. It has not set a minimum amount for any existing account.

Methods of Analysis, Investment Strategies and Risk of Loss

NSA reviews fundamental factors, and not technical analysis, when considering investments for client accounts. Whatever the method of analysis or strategy, all investing involves a risk of loss. For equity positions and debt, whether public or nonpublic, the analysis generally includes a review of:

- The issuer's management;
- In the case of private investments in particular, the issuer's current major investors and their financial support of the company;
- The amount and volatility of past profits or losses;
- Prospects and projections for growth, including products or services under development;
- The issuer's assets and liabilities, and its ability to support debt either through assets, including intellectual property, current cash flow, or future growth in revenue;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant for a specific fund.

NSA primarily invests for relatively long time horizons, with an intent to hold for long-term capital gain or income. However, market developments could cause NSA to sell securities more quickly.

Depending on a client's investment objectives, NSA might recommend or concur with engaging in margin borrowing, short selling, or option purchasing or writing, or invest in funds using or permitted to use such strategies. The use of margin, short selling, or options poses additional risks, such as magnifying losses in the case of margin, unlimited losses in the case of short selling, total losses if an option does not become profitable before expiration, or reductions in returns because of exercises of options at less than the market price at the time.

All investing involves a risk of loss for many reasons, some beyond anyone's control, some which NSA and clients may choose to accept. The economy in general may decline, an industry sector may experience a downturn, and a company may fail completely. In addition, private, unmarketable, or nonpublic investments have the risk of not being able to be sold without a discount for lack of marketability or minority ownership or, conceivably, not having any buyers at all.

Further, prices of even extremely secure investments, such as T-bills or government bonds, fluctuate.

As a result of these factors, all investments have the risk of loss, including in some cases, the risk of significant or total loss. Clients should be prepared to bear investment risks.

Disciplinary Information

NSA is required to disclose certain disciplinary events. NSA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities or Affiliations

NSA and its employees do not have and do not contemplate any applications or registrations relating to the financial industry, including brokerage or futures trading.

Gordon M. Snyder has a relationship that is material to NSA's advisory business or its clients with his related law office, of which he is the sole owner and practitioner.

More specifically, NSA's principal, Gordon M. Snyder, is also licensed to practice law in New Hampshire and Massachusetts. Mr. Snyder may provide legal advice to individuals who are also clients of NSA and receive compensation separate and apart from fees paid to NSA.

Gordon M. Snyder may also receive compensation for administrative or other services related to investments recommended to NSA's clients as more fully described below in Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, under section B.

NSA does not receive compensation, directly or indirectly, from any other investment adviser. Should it do so, the compensation and any potential conflicts would be fully disclosed before NSA entered into the relationship.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. NSA has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires NSA and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear on IPOs and private placements, and report on many types of personal securities transactions. NSA's restrictions on personal securities trading apply to employees, as well as employees' family

members living in the same household. A copy of NSA's code of ethics is available to any client or prospective upon request.

NSA's policy and code require, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of NSA above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest when making personal trades;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal and state securities laws.

B. Neither NSA or a related person, has bought or sold securities to or from clients, acted as a general partner in a partnership for which NSA solicited client investments, or acted as an investment adviser to an investment company recommended to clients.

NSA may recommend investments to clients in which NSA, its principals or employees have a financial interest. NSA's principals or employees may provide professional services associated with certain investments for which they are compensated separately by the company involved. Consequently, a conflict of interest may exist as there is an incentive for NSA to recommend such investments to clients. NSA will act in a manner which it considers fair and reasonable and only recommend such investments when it is in the client's best interest and consistent with their investment objectives. Any conflict of interest will be fully disclosed to the client in writing, with clients' signing to indicate their understanding and consent before investing. NSA further addresses the issue of a potential or actual conflict of interest by having its principals or related parties receive payment only after clients receive their return.

Specifically, NSA's principal(s), employees, or related parties may receive compensation for services as an agent for NSA's clients and other investors rendered after an investment is made. Such services are paid for only after the investment has paid clients in full as agreed. In lieu of the investors paying for such services, the company or entity in which clients invested pays for the services after the investment has paid clients in full as agreed when the investment is closed

out. Any such services and any compensation related thereto, and the existence or possibility of a conflict of interest, have been and will be fully disclosed in writing to the clients prior to purchase of an investment.

C. NSA and its employees may buy and sell the same securities recommended to clients. To avoid conflicts of interest involving personal trades, NSA's code of ethics includes specific policies and procedures relating to personal trading and insider trading, among other matters. NSA's policy with respect to personal trading requires, among other things, that Employees:

- pre-clear personal securities transactions relating to IPOs and private placements,
- report personal securities transactions on at least a quarterly basis, and
- provide the NSA with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

As stated earlier, NSA's code of ethics that includes the above policy and procedures shall be provided to any client or prospective client upon request.

D. NSA's employees are generally permitted to trade alongside, or on the same day as, clients. Since such trading could create a conflict of interest, NSA's employees are required to pay their share of any transaction costs and receive either (i) the same price, or (ii) in the case of purchases, a higher price, or (iii) in the case of sales, a lower price, in comparison to any price that is applicable to clients. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. NSA's employees may be permitted to purchase or sell after the day clients' purchase or sale orders are completely filled without regard to price. The Chief Compliance Officer monitors employee trading, relative to client trading, and has used an outside monitoring service, to ensure that employees do not engage in improper transactions.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In NSA's experience, an employee's personal trading has not prevented clients from participating in investment opportunities contemplated for them, but such a situation may arise from time to time.

Brokerage Practices

A. Selecting or Recommending

NSA does not select, or recommend choosing, a broker-dealer for clients or determine the reasonableness of a broker-dealer's compensation. NSA requires that clients direct NSA to execute transactions through specified brokers. Clients should be aware that directing transactions through a specific broker may mean that clients are unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

A client may direct the NSA in writing to use a particular broker/dealer to execute all transactions for client's account. When a client selects the broker to be used for an account, the commission rates are decided upon between the client and the broker. In addition, the NSA does not have any responsibility for obtaining for the client from any such broker the best prices or particular commission rates, and the client may not obtain rates as low as it might otherwise obtain if the NSA had discretion to select broker-dealers other than those chosen by the client.

1. Research and Other Soft Dollar Benefits

- a. NSA receives certain products and services from brokers free of charge.
- b. NSA does not believe that the receipt of these customary and generally available services constitutes an unusual or special benefit or creates a conflict of interest whereby NSA would prefer or recommend a particular broker because it provides such services. These services do not include proprietary or customized third-party research.
- c. NSA does not now cause clients to pay commissions or markups or markdowns higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up) nor does NSA have any intention to do so.

If NSA receives free benefits or client referrals in the future, those benefits or a broker's mark-up to cover its costs in providing services to NSA, and NSA's incentive to use such a broker, could conflict with clients' interest in obtaining the lowest-cost brokerage.

- d. NSA uses the benefits (described in "e" below) provided by a broker to benefit all clients and not just those using the broker supplying them, without any proportionate allocation of the soft dollar benefits. NSA is not aware of any special commission or markup for them.

Consequently, products and services listed below benefit clients whose accounts are held by brokers or custodians other than the broker or custodian providing the benefit. This sharing of benefits could create a conflict of interest between the clients using one broker or custodian ("source"), who are indirectly paying for the products and services, and the clients using a second broker or custodian who may benefit from the products and services provided by the source without any payment to the source.

- e. Products and services provided by brokers include:

- The receipt of duplicate client confirmations, statements, and other account information;
- Direct advisory fee debiting capabilities (though NSA does not use this capability, but instead has clients sign wire authorizations);
- Access to an electronic network for order entry, including the simultaneous entry of trades on behalf of multiple client accounts;
- Other benefits that the broker typically provides to advisers

As stated previously, NSA does not believe that clients whose accounts are held by their brokers bear any additional costs in connection with NSA's receipt of the products and services. NSA has not entered into any agreement and is not aware of any "soft dollar credits" from any broker it uses. NSA did not acquire products or services with client brokerage commissions.

Furthermore, brokers' provision of these products and services is not contingent upon NSA formally committing any specific amount of business. However, NSA would not receive these products and services if client accounts were not held in custody and traded by the brokers in question. NSA's receipt of these products and services might be deemed to create a potential or actual conflict of interest in connection with NSA's recommendation of a broker.

f. In light of the customary and routine nature of the benefits brokers provide to NSA and the absence of any agreement to exchange any special commission or markup for acquired services or products, NSA does not direct client transactions to any particular broker or custodian in return for soft dollar benefits, and, accordingly, has not developed any procedure to direct client transactions in return for any such soft dollar benefits.

2. Brokerage for Client Referrals

NSA does not consider, in selecting, recommending or using broker-dealers, whether NSA or a related person receives client referrals, nor does NSA direct business or in any way compensated anyone referring business to NSA.

a. Consequently, NSA has no incentive to use a particular broker.

b. NSA does not direct transactions to a particular broker in return for referrals and has no intention or procedure to do so.

3. Directed Brokerage

NSA routinely requires that clients direct NSA to execute transactions through a specified broker-dealer that meets their interests and requirements. Such directed brokerage arrangements are not subject to most favorable execution of client transactions. Because of this directed brokerage requirement, NSA may be unable to achieve the most favorable execution of client transactions, may incur higher brokerage commissions, receive less favorable pricing, and cost clients more money. Directed brokerage may also prevent NSA from aggregating orders to reduce transaction costs or achieve the best prices for clients.

In sum, whatever benefits it may have, directed brokerage limits NSA's ability to seek best execution and may result in materially higher trading costs and reduced returns.

NSA does not perform best execution reviews because it is directed to use a particular broker regardless of execution results. Not all advisers require their clients to direct brokerage.

NSA is not an affiliate and does not have another economic relationship with any broker-dealer and consequently does not have the conflict of interest such a relationship might otherwise present.

B. Aggregated Trades

NSA typically aggregates client trades in an effort to treat all clients fairly. In addition, NSA may aggregate numerous clients' purchases or sales as a single transaction to seek a lower commission, lower costs, or a more advantageous net price. The benefits, if any, obtained as a result of such aggregation, are generally allocated pro-rata among the accounts of the clients or the funds which participated in the aggregated transaction.

Generally, clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades. If an order is partially filled, clients will have their orders fully filled on a randomized basis; NSA will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

When trading accounts through different brokers, some clients may receive better pricing than others, or even experience better pricing or timing than another.

Given that NSA currently acts as an investment advisor for a number of clients, NSA will allocate aggregated purchases or sales, and investment opportunities in general, among its clients as fairly and equitably as it can. However, NSA may give advice, and take action, with respect to any of those clients that may differ from (or be identical to) the advice given, or the timing or nature of action taken, with respect to other clients. NSA's allocation policy will typically be based on, first, on whether a purchase (or sale) is more or less appropriate for a portfolio than another portfolio. Second, a review of the facts and circumstances, such as which account has more investable cash and the relative size of the accounts, will take place. Pro-ration will occur using an overall assessment of fairness and equitable treatment. If an equitable proration is not possible for any reason, NSA may give higher priority for a future transaction to an account that did not receive a full allocation on a current transaction. This policy is subject to a de minimis share amount.

NSA is not obligated to acquire for any account any security that NSA or its officers, partners, members or employees may acquire for their own accounts or for the account of any other client, if in NSA's absolute discretion it is not practical, appropriate, or desirable to acquire a position in such security for a client.

Review of Accounts

Clients accounts are monitored by Gordon Snyder. Particular attention is given to changes in company fundamentals, industry outlook, market outlook and pricing levels.

Changes in a client's financial circumstances, market fluctuation, or significant moves in an investment sector may trigger a review apart from scheduled conference calls.

Regarding the nature and frequency of regular reports to clients on their accounts, NSA maintains a passcode-protected website which is available to clients. Those clients may access the website at any time to review their account holdings and balances; decisions made during telephone conferences and/or other communications with clients are posted to the website for their review. Meetings, telephone calls, and/or other communications are held with clients on a regular basis, with updates to clients at least once a quarter.

Clients receive directly those statements that their brokerage and other investment firms provide.

Client Referrals and Other Compensation

NSA does not compensate, directly or indirectly, any brokers or other parties for referring client accounts. Other than the previously described products and services from brokers and disclosed fees for services, NSA does not receive any economic benefits from non-clients in connection with, or in any way related to, the provision of investment advice or advisory services to clients.

Custody

All clients' brokerage accounts are held in custody by unaffiliated broker/dealers or banks, and NSA does not access clients' accounts for its advisory fees without a signed authorization to the broker.

Brokerage account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by NSA.

As a matter of policy, NSA does not hold the original notes or certificates issued to clients by privately-held companies.

Investment Discretion

When a client agrees to discretionary management, the NSA will be responsible for selecting the amount of securities to be bought and sold. The only limitations on the investment authority will be those limitations imposed in writing by the client.

NSA has investment discretion over all clients' accounts. Clients grant NSA trading discretion through the execution of a limited power of attorney included in NSA's advisory contract.

Clients currently do not place any general or written restrictions on NSA's investment discretion. NSA's clients are made aware of the nature of their investments both from discussions, reports, notes, and statements. NSA would give strong consideration to any reasonable restrictions on NSA's investment discretion.

Voting Client Securities

Notwithstanding NSA's discretionary authority to make investment decisions on behalf of clients, NSA will not exercise proxy voting authority over securities held in client accounts. The obligation to vote client proxies shall at all times rest with the client. NSA shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

Clients may contact NSA about a proxy or other solicitation at the NSA's main office. NSA has provided clients with NSA's contact information.

Clients customarily receive proxy information directly from a company, custodian, or other provider, and not from or through NSA. Should NSA inadvertently receive proxy information for a security held in a client's account, then NSA will make a good faith effort to forward such information on to client in a timely manner, but will not take any further action with respect to the voting of such proxy. Upon termination of its Investment Advisory Agreement with a client, NSA shall make a good faith and reasonable attempt to forward proxy information inadvertently received by NSA on behalf of the client to the forwarding address provided by the client to NSA.

Financial Information

NSA does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, which would require NSA to prepare and provide a balance sheet.

NSA does have discretionary authority and a related disclosure requirement. As a result, NSA discloses that it is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual obligations to clients.